

5 March 2012

Companies Adviser
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Exercise of Option to acquire Lamboo Resources Pty Ltd and McKintosh Resources Pty Ltd

On 13 February 2012, the Company announced that it had entered into an option arrangement such that, subject to regulatory approval, confirmatory due diligence, financing and shareholder approval, Fluorotechnics had the right to acquire the businesses of Lamboo Resources Pty Ltd ("Lamboo") and McKintosh Resources Pty Ltd ("McKintosh") with highly prospective base and precious metals exploration assets located in Valla (NSW), Halls Creek (WA) and McIntosh (WA). Details of the tenements were attached to the announcement to ASX on 13 February 2012, to which readers are referred.

The Directors are pleased to announce that Fluorotechnics has exercised the option and entered into a Share Purchase and Subscription Agreement with Lamboo and McKintosh, and with Pathfinder Exploration Pty Ltd and Norvale Pty Ltd (the owners of Lamboo and McKintosh). Completion is subject to the conditions above - regulatory approval, confirmatory due diligence, financing and shareholder approval.

As mentioned in the 13 February announcement, FLS anticipates that ASX may exercise its discretion to require security holder approval under Listing Rule 11.1.2 and to require the company to re-comply with Chapters 1 and 2 of the Listing Rules, as required under Listing Rule 11.1.3, as if the entity was applying for admission to the official list as a condition of completion of the acquisition. It intends to seek that approval and re-comply with Chapters 1 and 2, without approaching ASX for a formal determination as to whether or not it is required.



The purchase consideration for the assets will be in the form of FLS shares, as follows:

Lamboo assets	\$2,800,000
McKintosh assets	\$700,000
Total	\$3,500,000

The issue price per FLS share is yet to be determined but will be at a discount to the share price prior to the trading halt announced on Friday 2nd March 2012. The Company's securities will not be re-instated until the price per FLS share has been finally determined.

A prospectus is being prepared to raise between \$3.5 million and \$7.0 million. The details of the proposed capital raising will be finalised following discussions with potential funders.

On completion of the acquisition, Mr Rod Williams and Dr Craig Rugless will be invited to join the FLS Board.

Subject to completion and shareholder approval, the Directors will seek to change the name of the company to Lamboo Resources Limited.

The objective will be to complete the purchase including the seeking of all regulatory and shareholders' approvals, by 30 June 2012.

Richard Trevillion
Executive Chairman